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U. S. Department of Agriculture

EXECUTIVE ORDER

DEFINING EFFECT OF CERTAIN PROVISIONS IN

CODES OF FAIR COMPETITION UPON

COOPERATIVE ORGANIZATIONS

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In a number of Codes of Fair Competition which have heretofore been approved or submitted for approval pursuant to Title I of the National Industrial Recovery Act, approved June 16, 1933, there have been included provisions designed to limit or prohibit the payment or allowance of rebates, refunds or unearned discounts, whether in the form of money or in any other form, and the extension to certain purchasers of services or privileges not extended to all purchasers under similar terms and conditions. Question has arisen as to whether provisions of such tenor do not preclude the payment of patronage dividends to members by bona fide and legitimate cooperative organizations, including farmers' cooperative associations, corporations or societies, hereinafter designated farmers' cooperatives.

Pursuant to the authority vested in me by Title I of the National Industrial Recovery Act, upon due consideration of the facts, and upon the report and recommendation of the Administrator,

I, Franklin D. Roosevelt, President of the United States, do hereby order that no provision in any code of Fair Competition, agreement or license which has heretofore been or may hereafter be approved, prescribed or issued pursuant to Title I of the National Industrial Recovery Act, shall be so construed or applied as to prohibit the payment of patronage dividends in accordance with law to any member by any bona fide and legitimate cooperative organization, including any farmers' cooperative, duly organized under the laws of any state, territory or the District of Columbia or of the United States, if such patronage dividends are paid out of actual earnings of such cooperative organization and are not paid at the time when such member makes a purchase from such cooperative organization.

(Signed) Franklin D. Roosevelt

Approval Recommended:

(Signed) Hugh S. Johnson
Administrator

The White House

October 23, 1933

H. S. C.)

A. G.)

